

House Tax Policy Committee

Testimony on HB 4361/4362

March 8, 2011

Jamie Schriner-Hooper  
Executive Director  
CEDAM: Community Economic Development Association of Michigan  
[Jamie@cedam.info](mailto:Jamie@cedam.info)  
517.485.3588

Good afternoon. My name is Jamie Schriner-Hooper. I am the Executive Director of the Community Economic Development Association of Michigan (CEDAM.) **CEDAM is a state-wide trade association working with individuals and organizations that do community-based economic development**, ranging from affordable housing to downtown revitalization, supportive housing, asset building, foreclosure counseling and more. **CEDAM works in partnership with a number of organizations, including the Michigan Historic Preservation Network (MHPN) and the Michigan Municipal League.**

I'm here today to speak with you about tax credits, specifically the historic and Brownfield tax credits. You'll hear from Andy Schor with the Michigan Municipal League with specifics surrounding Brownfield credits. I'll share a few specifics regarding the historic credits. Many of CEDAM's members utilize these credits to revitalize their communities.

**While I applaud the efforts of the new legislature to balance our state's budget, I respectfully request that you carefully review the potential changes to the policy and look at how it will impact revitalization efforts.**

One area that I'd like to address is placemaking. Placemaking is transforming an area from a place you can't wait to leave, to a place you never want to leave. There are examples of this right outside your door, including downtown Lansing and historic Old Town Lansing. Significant efforts have gone into placemaking over the years, transforming communities across the state in both urban and rural areas. Historic downtowns and neighborhood commercial districts are being revitalized with significant volunteer efforts, as well as with the assistance of these tax credits. Once abandoned and neglected communities are now places where people want to live, work and play. Blighted, contaminated and obsolete properties are being restored to their former glory. **Unfortunately, the vast majority of these projects would not happen without the assistance of these tax credits.**

**In addition to revitalizing communities, these credits help to save money.** With a historic or Brownfield property, the infrastructure (water and sewer, electricity, roads, etc.) is already in place, unlike with most greenfield projects. Not needing to create and maintain new infrastructure saves cash-strapped communities additional investment. In addition, historic and brownfield projects promote sustainability, as the greenest building is the one that's already built.

**These revitalized communities also help to attract and retain young people**, who are often called Millenials. Millenials choose their community, rather than follow a job. They decide where they want to live and move there. Millenials living in these communities are often very engaged and educated, helping to reduce the brain drain and revitalize our downtowns. These young people often create their own job, opening a small business or working in a

profession that does not need an office. My younger sister did exactly that. She's an attorney, a graduate of MSU, who owns a successful clothing store in Old Town Lansing. She couldn't find a job, so she created one. **These vibrant communities also help to promote tourism, which adds to the economy.**

**Without these tax credits, many of these projects would not be feasible. The credits do not pick winners and losers, rather help to level the playing field** as historic and brownfield projects require significantly more effort and funding than a new building in a cornfield. You never know what you'll run into with a historic or contaminated property. These credits begin to address the significant additional costs needed to bring these properties back to use and add to the community's tax base.

While we appreciate the efforts in trying to make up for potentially eliminating the tax credits, **grants are an unrealistic solution**, as the funding source must be guaranteed before anyone would move forward. With most projects, the funding is very complicated and the planning often takes years. Without the guarantee of receiving a grant, most financial institutions will not fund a project.

As Andy discussed specifics on Brownfield tax credits, I'll address specifics on historic tax credits. Brownfield and historic credits are often used together, and **both credits fill gaps in financing that are not addressed by other sources**. As Andy pointed out, gap financing is a critical tool for making a difficult project feasible. Another important point to note is that unlike a grant, **the historic tax credit is only awarded after the investment and economic activity are completed, so there is very little risk to the state.**

**As a result of their structure, historic tax credits help to create jobs and investment around the state.** Since 1999, \$128 million in historic tax credits have leveraged \$1.46 billion – with a B! – in direct rehabilitation work. 36,000 direct jobs have been created from historic tax credit work, and each \$1 of historic tax credit leveraged, on average, \$11.37 in direct economic activity. The Michigan credit leveraged an additional \$251 million in federal historic tax credits; this is federal money coming back into Michigan's economy.

In closing, the historic and Brownfield credits are helping to reinvent Michigan, guiding people back to our urban cores and revitalizing our state. But even with the current discussion, a number of developers are walking away from projects because the threat of losing the credits makes projects unfeasible. **For these reasons and more, I encourage you to keep the tax credits in place and at current funding levels.** Thank you.